

HOUSE BILL REPORT

HB 2589

As Reported by House Committee On:
State Government & Tribal Affairs

Title: An act relating to a maritime historic vessel restoration and preservation program.

Brief Description: Establishing a maritime historic vessel restoration and preservation program.

Sponsors: Representatives Lantz, Seaquist, Campbell and Chase.

Brief History:

Committee Activity:

State Government & Tribal Affairs: 1/22/08, 1/29/08 [DPS].

Brief Summary of Substitute Bill

- Creates a competitive grant program for maritime historic restoration and preservation to be administered by the Washington State Historical Society.
- Requires \$1.00 of the annual vessel registration fee collected by the Department of Licensing be deposited into the Maritime Historic Restoration and Preservation Account to provide funding for the competitive grants.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL AFFAIRS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Hunt, Chair; Appleton, Vice Chair; Chandler, Ranking Minority Member; Armstrong, Assistant Ranking Minority Member; Kretz, Lias, Miloscia and Ormsby.

Staff: Tracey Taylor (786-7196).

Background:

Unless otherwise exempted, persons operating a boat for more than 60 days in Washington or owning a boat in Washington, must register their boat with the Department of Licensing (DOL). As of January 1, 2008, the registration fee for a boat is \$20.25 plus an excise tax of 0.5 percent of the value of the vessel or \$5.00, whichever is more. Of the \$20.25, \$10.50 is

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the registration fee, \$0.75 is the license service fee, \$3.00 is the county filing fee, and \$5.00 is the derelict vessel fee. Of the annual registration fee, \$2.00 must be deposited into the Derelict Vessel Removal Account, \$1.50 must be deposited into the Aquatic Invasive Species Account, \$1.00 into the Freshwater Aquatic Algae Control Account, and \$0.50 into the Aquatic Invasive Species Enforcement Account.

Voluntary donations may be made to the Maritime Historic Restoration and Preservation Account (Account) simultaneously with registration. At the end of each fiscal year, the State Treasurer pays one-half of the fund balance to the Grays Harbor Historical Seaport and the remainder to the Steamer Virginia V Foundation for their corporate successors.

The Account is not subject to allotment reductions.

Summary of Substitute Bill:

The Washington State Historical Society (Historical Society) must establish a competitive grant program and process to solicit proposals for a maritime historical restoration and preservation program. The Historical Society shall adopt policies governing the project eligibility and evaluation criteria. Using the criteria, the Historical Society, in conjunction with a citizen advisory committee, shall evaluate and rank applications. The prioritized project list, that includes a project description, amount of recommended state funding and documentation of non-state funds to be used, shall be submitted to the Governor and Legislature as part of the Historical Society's biennial budget request.

The amount of the state funding shall not exceed 50 percent of the project's total cost. The non-state funds of the project may include cash, the value of real property when acquired solely for the purpose of the project, and in-kind contributions.

Qualified applicants may include local governments, public development authorities, nonprofit corporations, tribal governments, and other entities.

Funding for the grant program shall come from the Account. The Historical Society's biennial project list and the associated recommended state funding for the projects may not exceed the biennial balance of the Account.

The Historical Society shall not sign contracts or financially obligate funds under this program until the Legislature has approved the specific list of projects. Contracts must include provisions requiring that capital improvements by the grant recipients be held for a specified period of time appropriate for the amount of the grant and that the facilities be used for the express purpose of the grant. If the grant recipient is out of compliance with the provisions of the grant contract, the grant recipient must repay the amount of the grant plus interest.

One dollar of the annual vessel registration fee must be deposited into the Account. The Account is subject to appropriation and must be used for the competitive grant program. Funds from voluntary donations must be evenly split between the Grays Harbor Historical Seaport Foundation and the Steamer Virginia V Foundation. If either of these two

foundations and their corporate successors cease to exist, the Historical Society will retain the funds that would have been transferred. If both cease to exist, all the funds will be used for the competitive grant program.

The language requiring a study group to be formed to report to the Legislature by January 31, 1998, is eliminated.

Substitute Bill Compared to Original Bill:

The substitute bill restores the current voluntary donation option at the time of annual registration to benefit the Grays Harbor Historical Seaport Foundation and the Steamer Virginia V Foundation, and removes the annual allocation of 10 percent of the registration fee transfer for each of the foundations.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed, except section 3 which reinstates prior law related to vessel registration after a scheduled expiration and takes effect June 30, 2012.

Staff Summary of Public Testimony:

(In support) Our state is blessed with a unique maritime history. We need to diligently save the historic vessels that are still intact. By restoring a historic boat, you are restoring the fabric of a community. Historic vessels educate communities about personal history, industrial history, economic history, artistic history, and cultural history. These vessels serve as destinations for the heritage tourist who spends more money than any other type of tourist. The competitive grants are funded by a small transfer of funds from the annual registration fee paid by all boat owners and not a new tax or fee imposed on the citizens.

(In support with concerns) The fee payers were not consulted in the development of the bill. It is premature to eliminate the voluntary donation at the time of registration. The fiscal note does not reflect the lost donations, especially for the Grays Harbor Historical Seaport Foundation and the Steamer Virginia V Foundation. In addition, the bill should not allocate money to any specific vessels – all should be required to justify their receipt of funds under the competitive grant program. The competitive grant program could ensure that the long-term maintenance of the to-be-restored vessel can be undertaken by the vessel's owners.

(Opposed) None.

Persons Testifying: (In support) Representative Lantz, prime sponsor; Jennifer Kilmer, Harbor History Museum; Gary Schallioli, Washington State Historical Society; Kyle Murphy and Dave Cheal, The Sandmen Foundation; Ralph Monroe, Secretary of State (retired), and Steve Rodrigues, Kalakala Alliance Foundation.

(In support with concerns) Jim King, Recreational Boating Association of Washington.

Persons Signed In To Testify But Not Testifying: None.